

## Message Text

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51

ACTION EA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

FEAE-00 INT-05 OES-03 /082 W  
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R 241411Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2270

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09686

E.O. 11652: GDS

TAGS: ETRD UK JA

SUBJECT: ANGLO-JAPANESE TRADE RELATIONS

REF: A) STATE 124387, B) TOKYO 7213

1. SUMMARY: THE BRITISH BELIEVE THAT JAPAN IS REFUSING TO ASSUME ITS SHARE OF THE OECD OIL DEFICIT, AND THEY WILL CONTINUE TO PRESS FOR REFLATION OF THE JAPANESE ECONOMY. BRITISH AUTOMOBILE PRODUCERS HAVE APPLIED FOR ANTI-DUMPING DUTIES AGAINST JAPAN, BUT NO FORMAL INVESTIGATION IS UNDERWAY. BRITISH OFFICIALS DOUBT THAT THIS DUMPING COMPLAINT CAN BE SUBSTANTIATED. IMPORT COMPETITION FROM JAPAN--AND FROM THE UNITED STATES--IS A MORE  
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TION FROM JAPAN--AND FROM THE UNITED STATES--IS A MORE

DIRECT CAUSE OF THE PROBLEM OF THE BRITISH TV TUBE INDUSTRY. WHILE OFFICIALS DO NOT BELIEVE ANTI-DUMPING DUTIES ARE WARRANTED IN THIS CASE EITHER, THEY SAY THAT SOME PROTECTIVE ACTION MAY BE NECESSARY. THE BRITISH MAY RAISE THE TV TUBE PROBLEM WITH US OFFICIALS IN AN EFFORT TO WORK OUT SOME MUTUALLY ACCEPTABLE SOLUTION. END SUMMARY.

2. WE HAVE REVIEWED THE CURRENT STATE OF UK-JAPANESE TRADE RELATIONS WITH TOM HARRIS, JAPAN DESK OFFICER AT THE DEPARTMENT OF TRADE.

3. HARRIS MADE IT CLEAR THAT THE UK IS GENUINELY CONCERNED ABOUT JAPAN'S UNWILLINGNESS TO REFLATE ITS ECONOMY. BRITISH COMPLAINTS ABOUT JAPAN ARE NOT MERELY A TRANSFERENCE OF FRUSTRATIONS OVER THE FRG, AS SUGGESTED IN REF B.

4. THE BRITISH BELIEVE THAT THE OECD'S OIL DEFICIT SHOULD BE SHARED AS EQUITABLY AS POSSIBLE, AND THAT OECD MEMBERS SHOULD NOT TRY TO PASS ON THEIR SHARE OF THE DEFICIT BY PROTECTIONIST MEASURES OR DOMESTIC DEFLATION. THE U.S. AND FRG HAVE NOW ADOPTED ADEQUATE REFLATIONARY POLICIES, HARRIS SAID, BUT THERE IS "NO EVIDENCE" THAT JAPAN RECOGNIZES ITS RESPONSIBILITY TO ASSUME SOME SHARE OF THE DEFICIT.

5. BRITISH CONCERNS ARE AGGRAVATED BY THE EVOLUTION OF ANGLO-JAPANESE TRADE. ALTHOUGH THE VOLUME OF TRADE IS STILL RELATIVELY SMALL, THE IMBALANCE IN JAPAN'S FAVOR IS GROWING. THE UK'S DEFICIT WITH JAPAN WAS 251 MILLION POUNDS IN 1974, AND 140 MILLION IN THE FIRST FIVE MONTHS OF 1975.

6. WHEN WE ASKED HARRIS WHAT THE BRITISH INTENDED TO DO ABOUT JAPAN'S RELUCTANCE TO REFLATE, HE SAID THAT NOTHING WAS CONTEMPLATED BEYOND REPEATED ATTEMPTS TO CALL

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R 241411Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2271

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AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09686

ATTENTION TO THE PROBLEM AT MEETINGS OF THE OECD AND IMF.

7. THE TWO MOST ACTIVE SECTORAL PROBLEMS IN ANGLO-JAPANESE TRADE ARE AUTOMOBILES AND COLOR TELEVISION TUBES. THE MAIN POLITICAL PRESSURE RELATING TO AUTOMOBILES COMES FROM THE BRITISH TRADE UNIONS, NOT SO MUCH FROM THE INDUSTRY. THIS PRESSURE HAS LED TO AN APPLICATION FOR ANTI-DUMPING DUTIES, ALTHOUGH THE GOVERNMENT HAS NOT DECIDED WHETHER A FORMAL INVESTIGATION IS WARRANTED. HARRIS SAID THAT IMPORTS OF AUTOMOBILES FROM JAPAN HAVE NOT BEEN INCREASING ANY FASTER THAN IMPORTS  
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FROM FRANCE AND GERMANY, AND PRICES OF JAPANESE IMPORTS HAVE NOT BEEN INCREASING FASTER THAN THE OVERALL RATE OF JAPANESE INFLATION. HARRIS ACKNOWLEDGED THAT THE MAIN PROBLEM FOR BRITISH AUTOMOBILE PRODUCERS IS NOT IMPORT COMPETITION, BUT CONSTRAINTS ON CAPACITY.

8. COLOR TV TUBES, HARRIS SAID, IS A MORE SERIOUS PROBLEM. THE RECENTLY ESTABLISHED BRITISH TV TUBE INDUSTRY HAS BEEN UNABLE TO COMPETE WITH LOWER-PRICED IMPORTS FROM JAPAN AND THE UNITED STATES. THERE IS A REAL THREAT

THAT THE BRITISH INDUSTRY WILL HAVE TO CLOSE DOWN. THE INDUSTRY ALLEGES THAT THE JAPANESE ARE DUMPING, AND AN INVESTIGATION IS UNDERWAY. HARRIS DOUBTS THAT DUMPING WILL BE PROVED, BUT HE EXPECTS THAT SOME SORT OF PROTECTIVE ACTION MAY BE NECESSARY IN ORDER TO KEEP THE BRITISH INDUSTRY FROM GOING OUT OF BUSINESS. THE UK MAY BE RAISING THIS PROBLEM WITH U.S. OFFICIALS AS WELL AS WITH JAPAN TO SEE WHETHER A MUTUALLY ACCEPTABLE SOLUTION CAN BE FOUND.

RICHARDSON

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## Message Attributes

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Margaret P. Grafeld  
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**TAGS:** ETRD, UK, JA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006